Previous references.

1904-5 (Gl. Finance)

File No. 131

Serial Nos. 15 & 26

Later references.

P8

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B. for February

SUBJECT.

Cash account of the Mysore Spinning & Manufacturing Company for October & Nov. 1904

FILE No. 131 of 1904-05.

Cash account of the Mysore Spinning and Manufacturing Company for October and November 1904.

15 From the Comptroller, No. 3790—S. A. D. 612, dated 9th January 1905.
Submits for information and return the Cash Accounts of the Mysore Spinning and Manufacturing Company, Limited, for October and November 1904 of the Head Office and for November 1904 of the Local Office, explains that a Government officer without expert knowledge of Cotton Mill management cannot be wholly trusted to watch the true interests of Government and states that it will be his endeavour to safeguard the interests of Government to the best of his power.

25 To Comptroller, No. Fl. 5255, dated 10th February 1905.
Passes orders on the above.

B. Dec. 04. Gl. Fin. Fl. 131 of 04. Serial Nos. 11 and 13.

G. R. S. 11] 1904. 51

GENERAL AND REVENUE SECRETARIAT.

(El Fasher)

NOTES.

File No. 131/1904-5

FILE HEADING.

Re Export of Spinning & Manufacturing Company

From

The Comptroller Genl. of the Treasury of Egypt

No. 6790/612 Dated 5.1.05 Received 10.1.05

Diary No. 2722	Enclos. 4	Spare Copies.	Serial No. 16

BRIEF ABSTRACT OF LETTER.

Submits for information & return the Cash Accounts of the Kaimakams for each of Nov. 1904 of the Head Office & for Nov. 1904 of the Local Office explaining that a Govt. official without Expert knowledge cannot be wholly trusted to watch the Govt. interests & Govt. & states that it will be his endeavour to safeguard the interests of Govt. to the best of his power.

NOTES AND ORDERS.

Dlo W

The Govt. orders of the 29th December 1904 No. 21402-1 / 21 Dm 131-04-12. The Comptroller was directed to be careful to see that at no time the Bank in trade falls short of the overdraft made by it will agree. In this connection

*NOTES—First sheet.

MGCPB—25,000—18-8-04

Serial No.

Mr Lucas states that only an officer with expert knowledge of Cotton mill management can be expected correctly to estimate the value of the stock in the mill, that to control the transactions of the mill so as to ensure the existence of a certain stock at any time it may be necessary to interfere with the detailed management of the mill to an extent quite detrimental to its proper working by a private agent. Company & therefore is of opinion that in a case of this kind a Govt Officer without expert knowledge cannot be wholly trusted to watch the true interests of Govt. He however states that he will endeavour his best to safeguard the interests of Govt

Rd. for orders
K.
18/1/05 18/1/05

(J. J. O)

Serial No.

The Comptroller has submitted the cash accounts of the Company for Oct. and Nov. 04 for the Head office and for Nov. 1904 of the Local office. From the latter it will be observed that out of the total receipts in cash for Nov. 04 which amounted to Rs 41,937-3-8 the amount drawn on the authority for an overdraft granted in Govt Pro of the 22 Nov 04 was Rs 40,000/- Eliminating from both sides of the cash account Rs 22500/- which was merely deposited in and withdrawn from the bank the account of the Local office for Nov. 04 is as follows:—

Opening Balance	148-6-6
Receipts during the month	41,937-3-8
Total	42085-10-2
Expenditure during the month	40211-4-6
Closing Balce	1874-5-8

The figures for the head office for the same month are as under:—

Opening balance	463-4-7
Receipts	7950-0-0
Total	8413-4-7
Expenditure	8292-11-8
closing balce	120-8-11

The value of stock on hand representing

MGCPB—20,000—1-11-04.

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General and Revenue Secretariat.

File No. 131 of 1904

Serial No.

the Company's assets on the 31 December 04 was Rs 84,935-4-11 while the Company's liabilities amounted to Rs 28,014-6-5 leaving a net asset of Rs 56920-14-6.

submitted to Secretary

U

I beg the Asst Secy. to go over 19-1-05

these accounts & draw up an intelligent order pointing out the expenses which were either unnecessary or have not been explained. I have marked some of the items.

22.1.1905

draft submitted

U

31-1-05

25 To the Comptroller

No: H 5255 dated 10.2.05

Passes orders on the above

NOTE—Contn. sheet.

MGCPB—20,000—1-11-04.

(15) Diary 2722

Office of the Comptroller,

No. 3790 Enc 4
Sec 612

Mysore Government,

Bangalore, Dated 9th January 1905.

From

Rai Hritya Gopal Basu Bahadur, M.A.,

Comptroller of Mysore,

B a n g a l o r e.

To

B.K.Venkatavarada Iyengar, Esq.,

Secretary to the Government of Mysore,

General and Revenue Departments.

Sir,

Enc A / In continuation of this office letter No.3192/SAD364 dated 7th December 1904, I have the honor to enclose herein for information and obliging return the Cash accounts of the Mysore Spinning and Manufacturing Co., Ltd., for October and November '04 of the Head Office, and for November '04 of the Local office received from the Agents with their letters dated 21st and 26th December last respectively.

Enc B/C/D

2. The authority for an overdraft of Rs.75,000/- granted in Government Pro: of 22nd November '04 and confirmed in order No. Fl:4020-1/Gl:Finl:131-04-12 dated the 29th December 1904 was not acted upon till the 24th November '04, but as the present accounts cover a period up to 30th November only they do not afford sufficient basis for working out the Assets and Liabilities of the Company for comparison with the advances made by Government.

Enc W

3. In Government orders of the 29th December quoted above, the Comptroller is directed to be careful to see that at no time the stock in trade falls short of the overdraft made by the Mill agent. I have the honor to explain that only an officer with expert knowledge of cotton mill management can be expected correctly to estimate the value of the stock in the Mill. Besides, to control the transactions of the Mill so as to ensure the existence of a certain stock at any time, it may be necessary to interfere with the detailed management of the Mill to an extent quite detrimental to its proper working by a private agent &c.,

It is therefore my respectful opinion that in a case of this kind a Government officer without expert knowledge cannot be wholly trusted to watch the true interests of Government.

4 While I think it my duty to warn His Highness's Government against expecting too much from an officer of my position, I may assure you that it will be my endeavour to safeguard the interests of Government to the best of my power as long as I have the honour to serve His Highness's Government.

5 I have obtained from the managing agents Statements of the Assets and Liabilities on account of Stock-in-trade on 31st December 1904; these statements show the net assets on that date at about Rs.57,000. I have also inspected the Mills for the first time on the afternoon of the 6th January.

6 As far as I have been able to ascertain from the Managing Agent, Mr. Sirur, the value of the finished product is about 1½ times the price of the raw cotton required to manufacture i but this proportion is not maintained at present, owing to the scarcity of labour, the stoppage of work upon the Mill having driven labour to different channels from which they must be gradually diverted at some extra cost to the Mill Management. I find also that the Mill is not yet in full working order owin to shortage of labour.

7. I have the honor to add that the progress of working in th Mill will receive my close attention and I shall keep Governme apprised of the result of weekly inspections if there is any thing important requiring special report.

I have the honor to be,

Sir,

Your most obedient servant,

L. Bacon

Comptroller.

G.R.S. 28]

File No. 131-04
Serial No. 25

Diary No. of letter replied to _____

Proceedings of the Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE SECRETARIAT.
( )

, *the* 10th Feby 1905

Date of issue do

Signed by Mr Satyaraj Chetty

No Pb 5253
Lr Fin 131-04-16
25

READ.—

Letter No. 3790 S.A.D.612 dated the 6 January 1904 from the Comptroller to the Govt. of His Highness the Maharaja of Mysore, forwarding for the information of Government the Cash Accounts of the Mysore Spinning and Manufacturing Co. Ld. for October ~~1904~~ and November 1904.

ORDER THEREON.—No.

With the letter read above, the Comptroller submits, for the information of Government, the Cash Accounts of the Mysore and Spinning and Manufacturing Co. Ld. for October and November 1904 of the Head office and

over

SUBJECT

G.R.S. 27]

GENERAL AND REVENUE SECRETARIAT.

(Continuation Sheet draft form.)

No. 3458 dated 16 June 1904
R.F. 27-1902

" 2509-10 1 Nov 1904
G. Fin. 131-04

" 2031-3 " " 28 Sept 04
Ft. Fin 131-04-2

" 2509-10 " 1 Nov. 1904
F. Fin. 131-04-5

3137-8 " 22 Nov. 1904
F. Fin. 131-04-7

4020-1 " 29 Dec. 04
F. Fin. 131-04-12

for November 1904 of the local offices. These accounts have to be checked with reference to the instructions issued by Government in the marginally noted Proceedings, taking as the starting point, the 24 November 1904, the date from which the new account-current of the Company with the Government was opened. According to the articles of Agreement, made on the 15 October 1904, the amount which was due to Government, on the 30 April 1904, was Rs 156.511-1-6 for principal and Rs 41,875-9-0 for interest, which with the further interest due from the 1 May to the 23 November 1904, has to be carried ~~forward~~ to the debit of the Company in the current account. Between the 1 May and the 23 November 1904 certain advances were made to the Company, to meet insurance and other charges, which Government, in para 3 of their Pro. No. 3137-8 dated the 22 November 1904, F. Fin. 131-04-7 directed should be adjusted by debit to the current account. The Comptroller is requested to be so good as to ascertain and report the exact amount due to Government

G.R.S. 27]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation Sheet draft form.*)

on account of the advances made by the Company between these dates, which have to be so adjusted. The new Account Current opened should show, on the debit side, the unadjusted advances, and to this must be added, from time to time, the amounts of the overdrafts. On the credit side of the same account should be entered the sums paid from time to time, into the Treasury by the Company. The Comptroller will be good enough to prescribe a form, in which the current account may be ~~opened~~ kept, so as to exhibit, at a glance, the debit and credit, with a view to all daily balances of money due to Government being charged with interest as provided for in clause (10) of the Agreement. It is essential that this current account should be as complete as possible and brought up to date, to enable the Comptroller, as the Managing Director, to see, as directed in Government Order No. 4020-1 dated the 29 December '04,

F. Fin 131-04-12

GENERAL AND REVENUE SECRETARIAT.

(*Continuation Sheet draft form.*)

that the value of the security for the debt due to Government on any date is ~~also~~ higher than the advances made

2. The Comptroller represents the difficulty of correctly valuing the stock-in-trade, as he is not ~~without the assistance of~~ an expert possessing a knowledge of cotton mill management. In the interests of both the Government and of the shareholders of the Mill it is important that the valuation of the stock should be made as accurately as possible, and the Govt hope that the Comptroller will, after some experience of work, be able to do this satisfactorily. ~~it is authorized to engage the services of an expert to audit and assist in verifying the correctness of the valuation statement prepared by the Agents of the Mill. Any remuneration payable to such an expert will be a legitimate charge to be borne by the Company.~~

3. Referring to the cash accounts submitted by the Comptroller the Government observe that the amount paid towards maintenance was Rs 256-4-0 for October and Rs 700-4-0 for November 1904.

G.R.S. 27]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation Sheet draft form.*)

The Agents of the Mill in their letter dated the 28 June 1904 states that Rs 6331-14-0 and Rs 2094 were advanced by Government for insurance and wages for the time the Mill was silent. The Government deem it desirable that the Comptroller, as the Managing Director, should have a detailed statement showing what has to be paid permanently every year on account of insurance of the Mill properties as distinguished from temporary insurance on the current stock, the value of which necessarily must fluctuate.

4 Deducting ~~Rs 22500~~ from both sides of the Cash Account of the Local office for November 1904, the receipts as per this account sum of Rs 22500 which was merely deposited in and withdrawn from the Bank, the receipts as per this account amounted to Rs 41,937-3-8 out of which Rs 40000/ were what was drawn from the State Treasuries and the Bangalore District Treasuries on the authority for an overdraft granted in the

G.R.S. 27]

GENERAL AND REVENUE SECRETARIAT.

(Continuation Sheet draft form.)

As under clause (2) of the Agreement the current account should be credited with all moneys ~~now~~ which may be realized from time to time or ~~that~~ shall come into the hands of the Company the deposits in the banks were distinctly objectionable

Government Pro. of the 23rd November 04

The Total amount of salary and wages as shown in this account is Rs ~~2466-13-10~~ 2417-13-10 Government deem it desirable that the expenditure under this head should, if feasible, be curtailed, as in their opinion the establishment maintained by the Mill, judged from these figures, is rather costly. The nature of the receipts and the necessity for the expenditure shown under "Suspense accounts" is not understood.

5 On the 23rd November 04 a payment of Rs 800/- was made to Mr. Johnson which is stated to be "the salary for November and December 1904 in full settlement of all his claims against the Company" The payment of salary before due date and how his claims against the Company could be settled by the payment of salary not earned, ~~is~~ needs explanation.

6 From the Statement of Liabilities made up to the 31st December 1904 it is seen that Rs 4715-8-7 are shown as due to Mr. S. S. Wagh, whereas

G.R.S. 27]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation Sheet draft form.*)

in the Statement appended to the letter of the Agents dated the 20th December 1904 showing the amount which Mr. Wagh is entitled to receive from the Company the amount is stated to be Rs. 5390-4-8.

The latter amount is presumed to be correct; and the Comptroller's reply to this office letter No. 4705 dated 27.1.05 and that of 2nd No. 131-04 to Mr. S. S. Setlur B.A. LL.B, Advocate of the High Court of Bombay are awaited.

7. The Government observe that, as the accounts of the Company will, under clause (6) of the Agreement be audited annually and the Comptroller as the Managing Director can exercise his powers in scrutinizing all charges on behalf of Government under clauses (5) and (7) of the Agreement, the Cash accounts of the Company may be carefully checked ~~and filed~~ in his office.

31.1.1905

Secretary

To the Comptroller with the accounts received from him.

30.1.05